

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
December 11 & 12, 2007**

The regular meeting of the Washington State Transportation Commission was called to order at 9 A.M., on December 11, 2007, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair Ford, Bob Distler, Carol Moser, Dan O'Neal, Philip Parker and Dale Stedman.

MINUTES APPROVAL

It was moved by Commissioner Moser and seconded by Commissioner Stedman to approve the meeting minutes of the October 16, 2007 local Commission meeting in Bellingham. The motion passed unanimously.

GRAY NOTEBOOK PRESENTATION

Daniela Bremmer, Director, Strategic Assessment, WSDOT, presented the Gray Notebook for the quarter ending September 30, 2007. To view the Gray Notebook in its entirety please visit: <http://www.wsdot.wa.gov/accountability/>

Congestion

Ms. Bremmer explained that as Washington's robust economy continues to grow, so does congestion. Between 2004 and 2006, the central Puget Sound population and economy continued to flourish, along with that the state's transportation system had to absorb 107 thousand new residents and 91 thousand new jobs. As a result commute times have increased on many of the most congested routes. The average commute time during peak congestion increased by 84 percent on 32 of the 38 commute routes that were tracked. The Department can reduce demand on the transportation system by providing citizens with options such as HOV lanes, Commute Trip Reduction programs and traveler information by utilizing ramp meters, synchronized traffic signals and incident response trucks to clear traffic incidents. WSDOT has made efforts to deploy effective strategies to lessen the duration of congestion, making trips more reliable and safe and improving overall traffic flow. Congestion is a priority at WSDOT but tolling and major capacity projects can not be implemented without new funding or budget priority changes subject to the discretion of the Governor and Legislature.

Ted Trepanier, Co-Director, Maintenance & Operations Division and State Traffic Engineer, WSDOT, explained that Department needs to focus on operating the system and how HOV's fit into that. There is no way to fight your way out of congestion, so the focus needs to be on moving more people and fewer vehicles in order to manage the system efficiently.

Incident Response

Rick Phillips, Program Manager, Incident Response, WSDOT, shared that the program works to safely and quickly clear traffic incidents on state highways.

Roving IR units, which operate during peak traffic periods, help motorists with flat tires and jump starts, re-locate blocking vehicles, and provide other types of incident assistance. Additionally, IR units are called out to major incidents 24-hours a day, seven days a week to provide traffic control, traffic rerouting, mobile communications and assistance in incident clearance and clean up. The IR Program works in partnership with the Washington State Patrol, other public agencies and third party responders.

CTR

Brian Lagerberg, Assistant Director, Public Transportation Division, WSDOT, provided an annual update of the Department's Commute Trip Reduction Program. He shared that the program's goal is to reduce drive alone rates. The Department's role in CTR is to provide technical assistance to jurisdictions and employers to help implement their CTR program. The number of employees participating has continued to grow since 1995 when the program recorded a reduction of nearly 8,500 average daily trips. CTR sites in 2007 a reduction on nearly 26 thousand average daily trips. Washington's vanpool program is the largest and most successful in the nation. The number of riders in vans has eliminated an estimated 23.8 million drive-alone miles. The state's park and ride lots remain a popular means for accessing transit, and the Department continues to partner with other government and transit agencies to provide funding and support for the expansion of existing or planned park & ride lots through the Regional Mobility Grant Program.

Bridge

DeWayne Wilson, Bridge Management Engineer, WSDOT, presented the annual bridge condition update. The rating system for bridges follows criteria set for the country as a whole by the Federal Highway Administration (FHWA). The FHWA requires all state transportation agencies to report state, city and county structurally deficient and functionally obsolete bridge ratings each year. These ratings are used to help determine federal bridge replacement and rehabilitation funding levels to the states. As of 2006, approximately 29.5 percent of WSDOT bridges were classified as structurally deficient or functionally obsolete according to the FHWA.

Worker Safety – (from June 30 GNB on Worker Safety Goal)

Chris Christopher, Co-Director, Maintenance and Operations Division and State Maintenance Engineer, WSDOT, provided an overview of worker safety. A couple of years ago the Department started a new emphasis on the program using a new baseline of 466 OSHA recordable injuries to set a benchmark. The goal for 2008 is to be at 50 percent of what it originally was. Through an employee recognition program offering incentives, improvement of diversity training compliance, statutorily required training for maintenance workers statewide and required driver training the Department has managed to meet its injury and illness goal.

Project Delivery

Keith Metcalf, Director, Project Control and Reporting Office, WSDOT, provided an update regarding Capital Project Delivery Programs. He provided an overview of highway construction performance highlighting that the Department has successfully delivered 110 Nickel and TPA Projects within the \$1.024 billion Legislative Budget expectation. The on-time and on-budget performance on individual projects remains steady. In addition there are 42 Nickel and TPA Projects ready to go to advertisement over the next six months. For detailed information on capital projects please visit: www.wsdot.wa.gov/projects/ Ms. Bremmer closed the presentation with an overview of what the Department is doing to mitigate construction material costs.

OVERVIEW OF NOVEMBER TRANSPORTATION REVNUUE FORECAST

Doug Vaughn, Director of budget and Financial Analysis, WSDOT, presented a summary of the Transportation Revenue forecast for November 2007. The Transportation Revenue Summary for the November Forecast can be found at:
<http://www.ofm.wa.gov/budget/info/Nov07transposummary.pdf>

OVERVIEW OF REGIONAL PRICING ACTIVITIES

Craig Stone, Deputy Administrator, Urban Corridors Office, WSDOT, shared that the topic of roadway pricing continues to emerge in national and local news as a potential solution to traffic congestion. In 2008 the Washington State Legislature will consider a statewide tolling policy, providing broad direction on how pricing can be implemented. Policy choices must be made soon to ensure success. Further understanding and analysis of the various tolling-related issues will be valuable in the development of these policy, program and project decisions currently before us and how they can benefit the system. There is still much work to be done to develop public awareness and acceptance of pricing as a congestion management tool that could provide user benefits. The Commission's Tolling Study clearly recommends that toll revenues can be used to improve, preserve or operate the transportation system, but more work needs to be done to define how revenues should be used.

Ron Posthuma, Assistant Director, King County Transportation, shared that people have clear interest in choices when it comes to pricing. The HOT lane concept provides a choice to the user whether they want to pay a premium for faster speed and reliability. The Legislature is looking for a way to strike the balance between system improved effectiveness and revenue generation. Puget Sound Regional Council is also looking at pricing as a tool in the overall long-range plan for the northwest. Local governments have a slightly different perspective; King County for example is interested in pricing as a tool in reducing greenhouse gas generation.

Mike Cummings, Program Manager, Transportation Planning, Puget Sound Regional Council, shared that there is a lot of focus on tolling and PSRC is attempting to coordinate these activities. PSRC established a Pricing Taskforce to guide tolling and pricing decisions that deal with the plan update process. This subject is extremely complex and controversial because of the level of detail necessary to help people make decisions on tolling issues. The Commission's Comprehensive Toll Study recommends that pricing should be used to pay for high-cost/high-need projects and or to optimize transportation system efficiency. Application of pricing may provide benefits to different users, more work should be done to identify, understand and measure the benefits which may result for various users. There may be long and short term effects of pricing depending upon the approach used. There should be a regional forum to allow input into pricing and it should be considered how the statewide tolling authority will approach this.

HIGHWAY SYSTEM PLAN

Tim Smith, Systems Analysis and Program Development Manager, WSDOT, provided an overview of the development of the Highway System Plan. The Highway System Plan includes an implementation approach that provides general prioritization of improvements that include; system preservation, safety improvements, environmental protection and mobility strategies of people and goods throughout the state, fighting congestion and building Washington's economy. Going through the process raised significant issues that evolve around economic vitality; there is not a listing of safety projects, because the methodology is changing to rapidly, or intermodal connections and performance measures. Essentially the Department will be looking at the need and defining the future system. In closing he noted that the next update will begin January 2008 and end sometime in the Fall of 2008.

COMMISSIONER REPORTS

Commissioner Moser reported on the planning activities of the Aviation Council. The November meeting included a brief overview of LATS. She provided highlights of her attendance at the Aerospace Summit.

Commissioner Distler reported that he has been attending ferry focus group meetings. He also reported that he and a couple of WSF staff met with San Juan County Council to discuss ferry and other transportation issues.

Reema Griffith, Executive Director, WSTC, shared that technical modification needs to be done to ferry fare language regarding in-need organizations before it sunsets. Formal action must be taken in order to file the CR 101 with the Code Reviser indicating the Commission's intent to modify the WAC rule. WSF will give a presentation regarding the WAC amendment to the Commission at its January meeting prior to final adoption of the WAC.

It was moved by Commissioner Moser and seconded by Commissioner Parker to move forward with filing the CR 101 to amend WAC language of in-need organizations (bundled single fare media and oversized vehicle transfers in the San Juan Islands prior to the language sunsets.) The motion passed unanimously.

Commissioner Distler urged that all Legislators from the Westside ferry served districts be notified of the Commission's intent to amend the WAC.

Commissioner O'Neal reported that he has attended several CAC meetings and was included in several TNB toll discussions.

Commissioner Parker reported that he attended a Columbia River Crossing/WSDOT meeting. Essentially the meeting was held to provide a briefing to Senator Cantwell regarding the CRC and tolling.

COMMISSION BUSINESS

Tolling Study II Status Report

Jeff Buxbaum, Cambridge Systematics, joined the meeting via teleconference. He shared that the focus of this tolling study will look at specific tolling opportunities in Washington State.

Chair Ford briefly touched on projects that could potentially be included in the tolling study; SR 520 bridge, I-5 corridor in Central Puget Sound/Tukwila to Northgate, I 405/SR 167 corridor, expanding existing two lanes to three lanes on I-5 in Lewis County, SR 395/North Spokane Corridor, I 5/Columbia River Crossing and I 90/Snoqualmie Pass.

Commissioner Distler expressed concern that the tech memo focuses primarily on the short-term rather than long-term as the first tolling study did.

Mr. Buxbaum agreed that the Tolling Study will initially focus on the short-term and individual corridors, but as the study moves forward long-term decisions will be discussed as well.

Review SR 395 Funding Options Report

Jerry Lenzi, Chief Engineer, Engineering and Regional Operations, WSDOT, provided an overview of the first two phases (Nickel Package) of the eight phase U.S. 395 North Spokane Corridor construction revision.

This project addresses the need for a major improvement to allow motorists and freight to move through metropolitan Spokane along the corridor from I-90 to US 395 at Wandermere. The needs of the corridor are indicated by increasing congestion and other operational and safety issues on the existing street network. The project will provide a facility for balanced transportation including park and ride lots to support transit and vanpooling operations, as well as expanded and enhanced pedestrian/bicycle facilities. Right of way will also be reserved for possible light rail use. When completed, the North Spokane Corridor will be a 60-mile per hour, limited access highway with a direct connection to I-90 just west of the existing Thor/Freya Interchange. Other interchanges will be placed at locations such as Trent Avenue (SR 290), Wellesley Avenue, Francis / Freya Street, Parksmith Drive, US 2, and US 395 at Wandermere. This project will be developed in two major phases:

Phase 1 - Spokane River North to establish the corridor from the River to US 395 at Wandermere.

Phase 2 - Spokane River South to extend the corridor between I-90 and the Spokane River. Phase 2 will also include a Collector/Distributor (C/D) system (of six lanes) along I-90 between the Liberty Park and Sprague Avenue Interchanges.

Project Benefits

Able to travel between Wandermere and I-90 in less than 12 minutes.

- A free flowing facility which doesn't have conflicts with schools, parks, shopping areas or pedestrians. But has reasonable access to these areas.
- Fewer trucks will be on the local streets because they will use the freeway for north/south through movements.
- Cleaner air because you aren't stopping at intersections along the way.
- A safe bike/pedestrian corridor which connects to other established bike paths as well as the neighborhoods along the way.
- Increased jobs due to construction spending in the community and increased economic vitality.

Mr. Lenzi moved on to share information regarding the Transportation Benefit District, local funding options, state sales tax options and tax increment financing as potential revenue sources to aid in financing the North Spokane Corridor. For detailed information on the SR 395 North Spokane Corridor Project please visit:

<http://www.wsdot.wa.gov/projects/US395/NorthSpokaneCorridor/>

Commissioner Stedman emphasized that the Commission held the Inland Northwest Regional Transportation Summit (Spokane Summit) at the request of the Governor to get the community involved in seeking innovative financing options to fund completion of the corridor project.

Review DRAFT Annual Report

Paul Parker, Senior Policy Analyst, WSTC, presented the Commission's 2007 draft Annual Report for review. He noted that Commissioner suggested changes have been incorporated into the report. The plan is to have the report completed and ready for distribution the week before the Legislative session begins.

SECRETARY'S REPORT

Steve Reinmuth, Chief of Staff, WSDOT, commended Department staff for their performance during the recent floods.

Chris Christopher, State Maintenance Engineer, WSDOT, provided an overview of recent storm events around the state. Due to recent weather events the maintenance office has been very busy around the state with heavy snowfall, avalanches, heavy winds, flooding and mudslides in Lewis County.

Mr. Reinmuth interjected that during these events public safety was of primary concern to the Department. He commended the Department's Aviation and Freight Division's for the role that they played during the flooding.

Mr. Christopher moved on to share information on the closure of Interstate 5 in Lewis County during the recent flooding. He commended the Washington National Guard for their rescue and traffic management support during the flood event. As the water receded on I-5 the Department began cleanup and repair of damages to I-5 and other highway in order to get traffic moving again. Several State Routes as well as city streets and county roads sustained significant damages. Commissioners and Mr. Reinmuth held discussion regarding obtaining federal funding for damage repairs and individual aid for flood victims.

Chair Ford indicated that flooding in the Lewis County area had been identified years ago, so what happened that made this event so severe.

Mr. Christopher responded that the upper reaches of the Chehalis basin received a great deal of heavy snow followed by several inches of rain. The rain on top of the heavy snow fall might have contributed to the extreme flooding. State Route 96 north of Everett also received a substantial amount of flood damage that required the highway to be closed. Highway 101 north also received flood and mudslide damage. There were several highway closures around the state resulting from safety issues and to allow time for cleanup and repair.

In closing Mr. Reinmuth provided an overview of events surrounding the steel electric ferries to be pulled from service and route closures. He explained that WSF has been very aggressive with inspection of the vessels. An independent firm was retained to evaluate vessel safety. The Quinault was dry docked for a detailed inspection of the condition of the hull. The inspection found that there was significant hull corrosion requiring replacement of steel. He moved on to explain the lengthy process that has taken place to get where we are today.

RECOMMENDATIONS ON TOLL REVENUE EXPENDITURE ADJUSTMENTS FOR THE TACOMA NARROWS BRIDGE

Commissioner O'Neal provided an overview of the Commission's recommendations on the toll revenue expenditure adjustments for the Tacoma Narrows Bridge.

1. TNB administrative costs should be allocated to appropriate accounts; expenses significantly related to other toll projects in the state or to the development of a statewide tolling system should not be paid from TNB toll revenue.
2. Washington state Patrol on-road enforcement and response unrelated to toll collection should be paid in the same manner and from the same sources as are all other WSP operations of similar nature. WSP costs related directly to toll collections and enforcing toll violations on the TNB, are properly paid from TNB toll revenues.
3. While a reasonable level of customer service oversight is needed to ensure contractor performance, the number of WSDOT staff paid for with TNB toll revenue who are assigned to provide oversight of the tolling contractor's customer service operations appears to exceed a reasonable level and should be reduced.
4. Travel and expense costs of WSDOT employees that are paid for with TNB toll revenue should be minimized and limited to only those costs directly related to TNB operations and activities.

5. With TNB market penetration for electronic tolling at or near 100 percent in the bridge area, marketing and communications expenditures paid for with TNB toll revenue should be scaled back significantly.
6. WSDOT should evaluate the work performed by management and support staff to determine the level and amount of work that is directly related to the TNB. Work that is determined to contribute to or benefit other projects in the state should not be paid for with TNB toll revenue.
7. WSDOT should evaluate its consultant contract costs currently being paid for with TNB toll revenue and determine which of those contract costs directly support TNB operations. Those contract costs determined to provide benefit and/or support to other projects in the state, should be reallocated to those projects and not paid for with TNB toll revenue.
8. Based on the Commission's experience with setting and reviewing TNB tolls, the scope and definition of "operation and maintenance expenses" that can be paid from toll revenues should be clarified.
9. WSDOT should consider reviewing the current agreement with the tolling contractor to ensure that the terms of the agreement properly reflect actual toll collection experience.

Commissioner Parker expressed that he concurs with the recommendations. He noted that the committee had considered combining the items, but determined that it was easier to provide a more direct answer to the question by separating the items.

Commissioners held discussion regarding the proposed recommendations and WSDOT's responses to those recommendations. There was discussion as to whether or not electronic tolling is less expensive than toll booths.

Mr. Selstead concurred that as we move into the future electronic toll collection (ETC) is the way to go. There are costs associated with electronic tolling, such as the amount of users that use the system. The Department is committed to efficiency as the operator of the system.

Commissioner Distler questioned if it is reasonable to assume that with the same level of traffic that the contractor's operating costs should decrease with the greater use of ETC.

Mr. Selstead responded "yes".

Commissioner Distler questioned why this has not resulted in lesser operating costs of the contractor.

Mr. Selstead responded that during the last five months of operation the Department has been looking at the associated costs.

Chair Ford indicated that ultimately it is a question of direct and indirect costs that are related to the bridge. The big question is determining the level of indirect costs and then deciding what is done with those costs. Direct costs should be determined based on whether it is a necessary function to carry out the toll function on the facility.

Chair Ford suggested that "the Commission in collaboration with the Office of Financial

Management be authorized to work with the Citizen's Advisory Committee, toll payers and others to define operations" as possible language to be added to recommendation eight.

Ms. Griffith requested the Commission to take action on its decision to group recommendations one, two and eight (with language modification) as specific recommendations with the others put into a general context meriting further budget review by OFM and the Legislature.

It was moved by Commissioner Stedman and seconded by Commissioner Distler to approve recommendations as amended. The motion passed unanimously.

In closing Mr. Selstead emphasized that this is a learning process. The operational characteristics of the TNB being a dual system where there are operational maintenance items within the toll plaza, photo enforcement, electronic lanes and a bridge facility. As we move into the SR 167 pilot project the operational characteristics will be some the same, but there are going to be some that are very different based on the goals. As an example there will be no photo enforcement on SR 167, therefore the operation and maintenance costs will provide for troopers in the field enforcement. He cautioned restricting costs.

Implications of Initiative 960

Scott Lockwood, AAG, explained that I 960 will impact many boards, commissions and agencies throughout the state. The Attorney General's Office to assure consistent advice has tasked itself to look at the issues. In his view, it is pretty clear, that ferry fares and tolls are fees and will be impacted. The initiative states that in order for a fare to be implemented or increased in any fiscal year there must be prior legislative approval, provided, subject to the accountability provisions of the initiative. There are several procedural and practical questions on how it will actually be implemented, but it is apparent that there is no current legislative process that impacts the Commission's ability to set fares or tolls repealed. To implement fees or fee increases will require additional legislative approval. Setting a standard with an open ended fee is problematic for two reasons, firstly, there is a delegation issue and secondly it would be a difficult decision for the Legislature.

TOLLING WORK SESSION: SR 167 HOT LANES AND TACOMA NARROWS BRIDGE TOLL SETTING

SR 167 Proposed Toll Rules

Craig Stone, Deputy Regional Administrator, Urban Corridors, WSDOT, explained that WSDOT as the lead agency for the development, implementation and operations of SR 167 HOT lanes has developed a toll rate schedule of a minimum and maximum toll rate for the Commission's consideration.

Chair Ford requested that defining the proposed minimum and maximum facility toll rates for the CR 102 filing be put forth for consideration. It was moved by Commissioner O'Neal and seconded by Commissioner Stedman.

Mr. Stone clarified that it is WSDOT's goal to run tolling operations when warranted by traffic conditions to help maximize throughput along SR 167.

WSDOT will regularly monitor the HOT lanes and the calculated toll rates and open the HOT lanes to all traffic only when conditions have calmed to a point where congestion is no longer likely for an extended period of time. WSDOT currently operates the HOV lane on SR 167 only between 5 am and 7 pm. Outside of these times the HOV lane operates as an additional general purpose lane. Because congestion and other traffic events do not follow a strict daily schedule, and because HOT lanes will provide WSDOT with greater capabilities to manage both the HOT lanes and facilitate maximized throughput on all lanes of SR 167, it is possible that the HOT lanes will run tolling operations earlier or later each day than the SR 167 HOV lanes operate today.

HOT lanes will give drivers a new commuting choice and allow WSDOT to test an innovative congestion management concept. The program allows solo drivers to pay an electronic toll to use carpool lanes previously reserved for vehicles with two or more occupants. Toll rates will fluctuate based on congestion factors, including time of day, traffic volumes, and traffic flow.

Commissioners proposed a minimum toll rate of 50 cents for solo drivers who choose to use the HOT lanes during periods of little or no congestion, and a maximum toll rate of \$9. The maximum toll rate would be charged to solo drivers using the HOT lanes during peak travel periods and when demand for the lanes is highest. Tolls will reach the maximum amount when the solo-driver demand approaches exceeding available space in the lane.

The toll range may be adjusted as the four-year pilot project progresses. The project team's goal is to make sure the HOT lanes keep the roadway flowing as efficiently as possible. The end result will increase driver options, move more cars and keep transit running on time.

The proposed toll range will be released for public review and comment before it is finalized in February. For further information on the project please visit.

<http://www.wsdot.wa.gov/Projects/SR167/HOTLanes/>

It was moved by Chair Ford to set the maximum toll of \$9 on the SR 167 pilot project. Commissioner O'Neal seconded the motion. The motion passed unanimously.

Review Tacoma Narrows Bridge Updated Financial Plan and Proposed 2008 Toll Setting schedule and process

Greg Selstead, Director, Tolling Operations, WSDOT, explained that today's presentation will primarily focus on the 2008 Toll Rate Adoption Schedule; review of the TNB update financial plan summary; report on December 6 meeting with Citizen Advisory Committee and an overview of items included in WSDOT's 2008 Supplemental Budget request.

The toll rate adoption schedule takes into account many different variables including the official revenue forecasting schedule, administrative rules for adopting a WAC and coordination with the Citizen Advisory Committee. The proposed draft schedule identifies these key milestones and lays out a process that will target having the toll rates adopted in June 2008.

The update financial plan summary reflects minor changes that have not significantly impacted the overall forecast.

These updates include changes to the debt service that were provided by the Office of the State Treasurer in September; the November revenue forecast that did not materially change the projected revenue (but does include the revenue associated with transponder sales; and changes to cost items as reflected in the Department's 2008 Supplemental Budget Request. As reflected in the draft adoption schedule, the next revenue forecast is scheduled to be released in February 2008.

The Commission moved to file CR 101 indicating its intent to begin the toll rate setting process. The motion passed unanimously.

PUBLIC COMMENT

Paul Locke, citizen, shared his concerns regarding the Port Townsend/Keystone route. He feels that the Commission should consider whether or not it wants to continue the route. He pointed that there are weather conditions and tides that interfere with the route, noting that it has a small percentage of users and the money could be used elsewhere. He commented on other modes of transportation in the Seattle area and the amount of money that is collected at the fare box.

Randy Boss, Gig Harbor resident, addressed the Commission noting that the Citizen Advisory Committee (CAC) is critical to the setting of the first toll adjustment on the TNB. It's admirable that the Commission goes to great lengths to consider CAC recommendations. The CAC is doing the very best job that it can, but the problem is that they have misinformation and no support staff. It is critical that the CAC have accurate information to provide proper recommendations to the Commission. He urged that the CAC must have support staff in order to do its job correctly. He also noted that it is imperative that the definition of maintenance and operation costs be identified in order for the CAC and the Commission to make decisions.

The Commission meeting adjourned at 5:00 p.m., on December 12, 2007.

WASHINGTON STATE TRANSPORTATION COMMISSION

DICK FORD, Chair

ELMIRA FORNER, Vice-Chair

PHILIP A. PARKER, Member

CAROL MOSER, Member

DAN O'NEAL, Member

ROBERT S. DISTLER, Member

DALE STEDMAN, Member

PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation

JENNIFER ZIEGLER, Governor's Office

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL